

Department Administered
Programs . . .

Organizational Charts

Regulatory Cost

Subsequent Injury Fund

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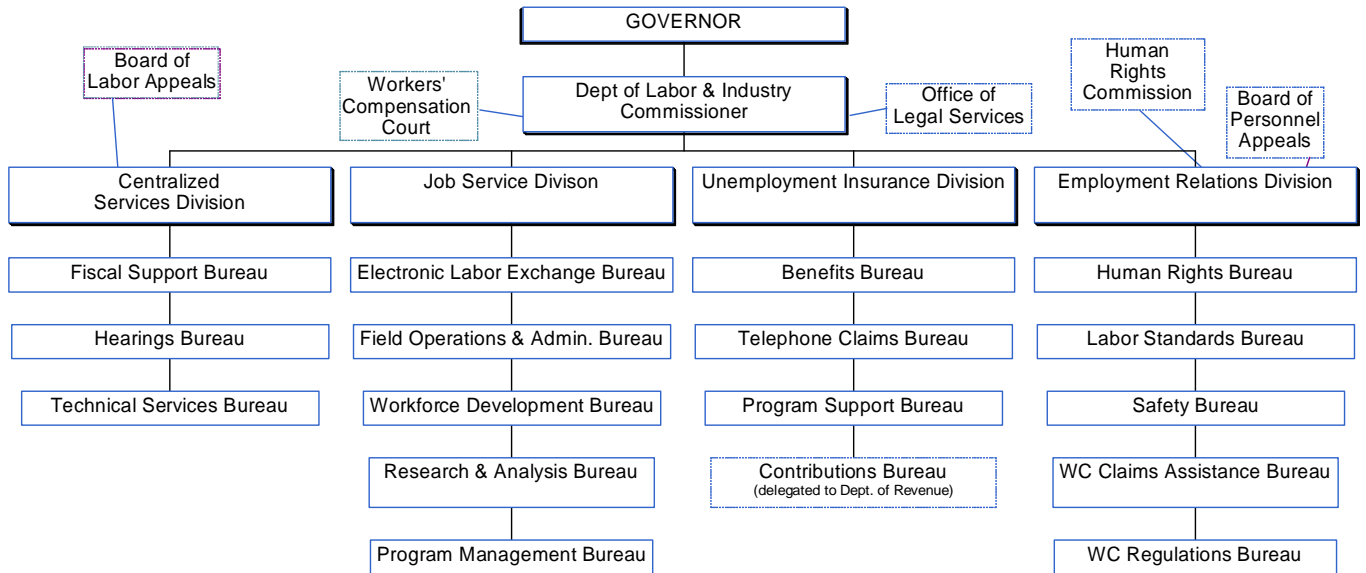
Safety

*Independent Contractor
Exemptions*

*Professional Employer
Organizations*

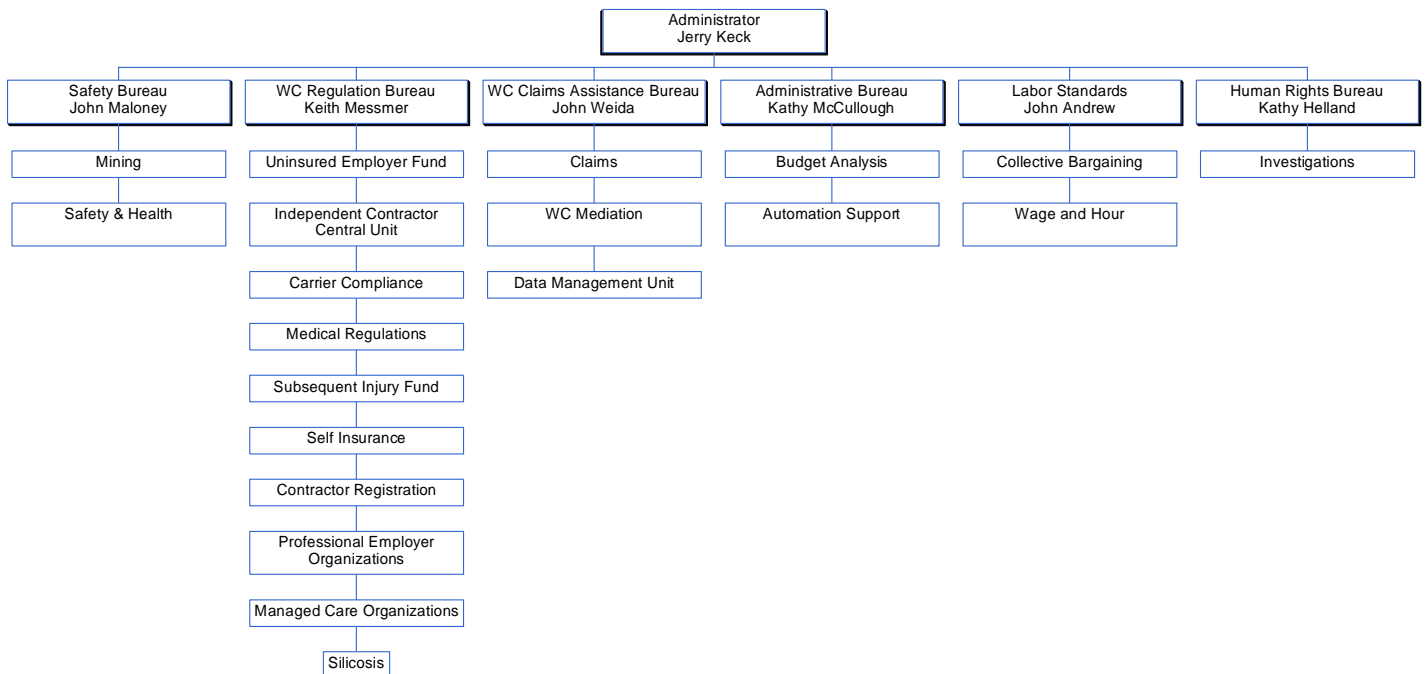
Organizational Charts

Montana Department of Labor & Industry



Employment Relations Division Montana Department of Labor & Industry

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Regulatory Cost

The cost of administering the Workers' Compensation and Occupational Disease Acts and the various occupational safety laws is funded by an assessment to Plan 1 (self insurers), Plan 2 (private insurance carriers) and Plan 3 (State Fund). Section 39-71-201, MCA, requires the administrative assessment to be 3% of benefits paid during the preceding calendar year for injuries covered under the Workers' Compensation Act and the Occupational Disease Act, without regard to the application of any deductible whether the employer or the insurer pays the losses. Benefits included in the calculation are: (1) compensation benefits paid; and (2) medical benefits paid (except payments in excess of \$200,000 per occurrence, which are exempt from the assessment).

Regulatory functions performed by the Department of Labor & Industry

- Legal functions of the Workers' Compensation Court, Hearings and Legal Bureaus
- Administration of the Employment Relations Division, including the Workers' Compensation Database
- Claims management, data analysis, rehabilitation panels, mediation, and administration functions of the Claims Assistance Bureau
- Medical regulation, self-insurance, carrier compliance, Subsequent Injury Fund, Professional Employer Organizations, Managed Care Organizations, Silicosis Act and administration functions of the Regulation Bureau
- Occupational safety statistics, mandatory inspections, on-site consultation match, mining inspection, mine training match, and safety culture functions of the Safety Bureau

Regulatory Cost By Fiscal Year

	FY96	FY97	FY98	FY99	FY00
Regulatory Costs	\$3,623,108	\$3,429,653	\$3,816,458	\$3,963,315	\$3,954,650

Subsequent Injury Fund

The Subsequent Injury Fund (SIF) was established by legislation passed in 1973. The purpose of SIF is to assist individuals with impairments to obtain employment by offering a financial incentive to employers for hiring SIF-certified individuals. Many states have similar funds called either subsequent or second injury funds. Montana's program is funded through an annual assessment on Montana workers' compensation insurers.

The law defines "person with a disability" as a person who has a medically certifiable permanent impairment that is a substantial obstacle to obtaining employment or re-employment. Also taken into account are such factors as the person's age, education, training, experience and employment rejections.

The Subsequent Injury program reduces the liability of the employer by placing a limit on the amount an employer, or the employer's insurer, will have to pay if the worker becomes injured or re-injured on the job. When that limit is reached, SIF assumes liability for the claim. If a certified worker does become injured on the job, the worker remains entitled to all benefits due under the Workers' Compensation Act.

There were 200 new SIF certifications during fiscal year 2000. There are a total of 2,693 SIF certified employees in the state of Montana.

The assessment is based on a percentage of the compensation and medical benefits paid in Montana by each plan in the preceding calendar year. The rate is set by the Employment Relations Division based on the total amount of paid losses reimbursed by the fund in the preceding calendar year and the expenses of administration less other income.

Subsequent Injury Fund Claims

By Plan – FY00

	Plan 1	Plan 2	Plan 3	Total
New Claims Filed	1	1	0	2
Number of Open Claims	31	6	16	53
Reserved Amount*	\$420,224	\$354,144	\$184,648	\$959,016

Notes:

*Reserved amount is the dollar amount set aside to pay the expected future cost of the claims.

SIF Payments and Dollars Assessed

By Fiscal Years

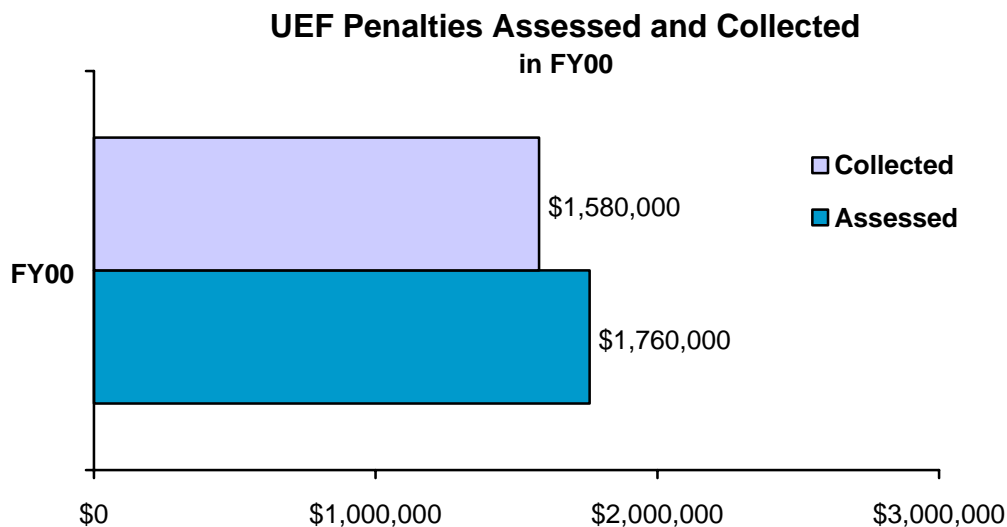
	FY96		FY97		FY98		FY99		FY00	
	Payments	Assessment	Payments	Assessment	Payments	Assessment	Payments	Assessment	Payments	Assessment
Plan 1	\$202,663	\$92,621	\$162,380	\$85,481	\$49,938	\$6,134	\$134,228	\$19,804	\$42,200	\$0
Plan 2	\$12,979	\$118,988	\$36,116	\$121,710	\$74,675	\$11,425	\$101,196	\$102,699	\$16,195	\$0
Plan 3	\$134,836	\$437,795	\$71,190	\$395,185	\$112,575	\$20,399	0	\$22,524	549	\$0
Total	\$350,477	\$649,404	\$269,686	\$602,376	\$237,188	\$37,958	\$235,424	\$145,027	\$58,944	\$0

Uninsured Employers Fund

The role of the Uninsured Employers' Fund (UEF) of the Employment Relations Division is to ensure employers comply with required workers' compensation laws so employees are properly covered by insurance. If employers are without appropriate workers' compensation insurance, the UEF provides benefits for their injured employees and pursues reimbursement from the uninsured employers.

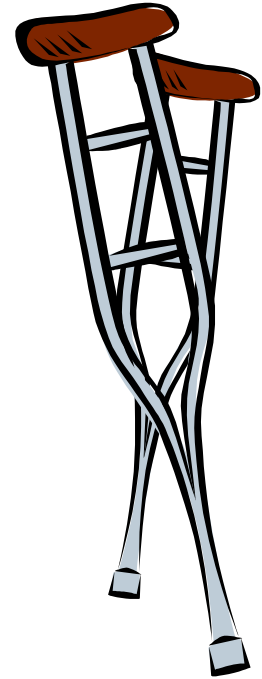
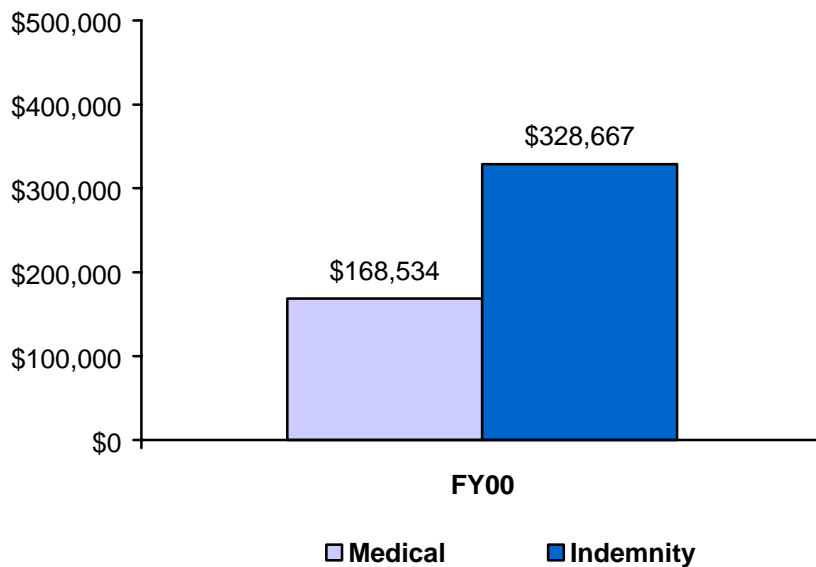
The UEF Unit also levies and collects penalties for the time the employer was uninsured. The department may require the uninsured employer to pay a penalty to the fund:

- up to double the insurance premium that would have been paid by the employer or
- \$200, whichever is greater.



UEF Penalties Assessed and Collected					
By Fiscal Year					
	FY96	FY97	FY98	FY99	FY00
Collected	\$1,014,938	\$1,606,177	\$1,755,694	\$1,077,146	\$1,580,000
Assessed	\$3,399,409	\$6,730,598	\$4,074,000	\$1,957,279	\$1,760,000

UEF Indemnity and Medical Payments in FY00



UEF Indemnity and Medical Payment By Fiscal Year

	FY96	FY97	FY98	FY99	FY00
Medical	\$255,422	\$254,090	\$454,766	\$143,807	\$168,534
Indemnity	\$286,405	\$323,806	\$379,664	\$293,185	\$328,667
Total	\$541,826	\$577,896	\$834,430	\$436,992	\$497,201

- The Uninsured Employers Fund recorded claims from 87 workers who were injured in FY00 and whose employers were uninsured.

Occupational Safety & Health

The Safety & Health Bureau is responsible for administering the state's occupational safety and health laws. This involves mandatory workplace safety inspections in public sector workplaces (city, county, state governments and schools), coal mines and sand and gravel operations. The Bureau's goal is to prevent employee illnesses and injuries by enforcing the intent of the various safety statutes and to support federally funded Occupational Safety and Health Administration (OSHA) voluntary programs in the private sector. The ultimate goal of all activities of the Safety Bureau is to reduce worker injuries and illnesses and lower workers' compensation premiums. Non-mining private sector employers are covered by federal OSHA with regard to inspection activities.

The Safety & Health Bureau inspects public workplaces and issues orders for correction of hazards to provide a safe work environment. Federal OSHA preempts inspecting private places of business. Safety and health consultations are available to private employers upon request, thanks to a grant from OSHA.

Mining inspections are conducted on surface and underground coal mines and sand and gravel operations. These mines are required to comply with safety and health standards contained in the mine safety statutes.

The Federal Mines Safety and Health Administration (MSHA) has provided the Safety Bureau with a training grant to conduct safety training for employers and employees of small mines. Mine operators are assisted in developing acceptable training plans so that their employees recognize hazardous conditions in a mining operation.

The Safety Culture Act, passed in the 1993 legislative session, is designed to foster safe work practices, beginning with the students in Montana's schools and progressing through to employers. Potential employees are taught as early as middle school the effect unsafe work practices can have on their lives and their workers' compensation insurance premiums under the act, employers in Montana are now required to implement an education-based safety program. Employers with more than five employees are required to have active safety committees.



Safety & Health Activities - FY00

Occupational Safety & Health	Employer Sector									
	Public					Private				
	FY96	FY97	FY98	FY99	FY00	FY96	FY97	FY98	FY99	FY00
Mandatory Inspections Performed	241	253	169	243	250	--	--	--	--	--
On-site Inspection Performed	--	--	--	--	--	106	109	175	169	207
Requests for Technical Assistance	179	307	280	344	292	202	291	409	437	356
Formal Training Sessions Conducted	23	60	54	34	24	28	42	44	34	61
Workers Trained	618	1,676	1,797	757	572	660	991	1,236	1,404	608

Mining Section	Coal					Metal/Nonmetal				
	FY96	FY97	FY98	FY99	FY00	FY96	FY97	FY98	FY99	FY00
Inspections Performed	57	88	79	42	32	196	212	192	146	160
Mine Training Sessions Conducted	12	9	22	17	11	85	96	83	78	61
Workers Trained	372	225	705	770	156	980	1,134	1,144	844	864
Coal Mine Foreman Training Sessions Conducted	5	7	10	2	1	--	--	--	--	--
Coal Mine Foreman Trained	66	47	82	18	11	--	--	--	--	--

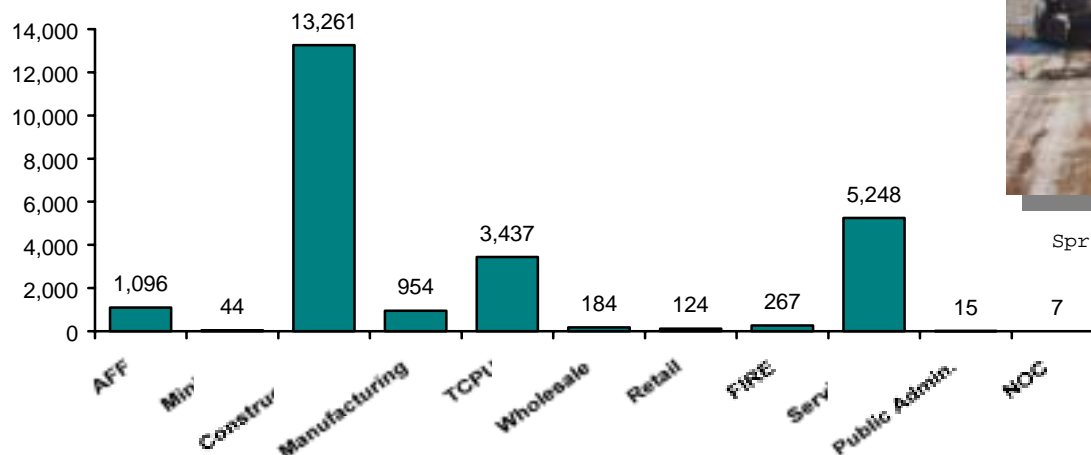


Spring Creek Coal Company - loading coal

Independent Contractor Exemptions

Independent contractors (IC) are individuals who offer their services in an occupation, are free of control, and have their own established business. The law requires these individuals to carry workers' compensation coverage on themselves, or they may apply for an independent contractor exemption. By obtaining the exemption, the individuals waive their rights to workers' compensation and unemployment insurance benefits. The Employment Relations Division may ask for information or perform random verifications to assure the exemptions are issued correctly. Exemptions were first enacted by the 1983 legislature.

**Distribution of Active Independent Contractor Exemptions
By Standard Industrial Classification*
in FY00**



Spring creek Coal Company
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Notes:

AFF = Agriculture, Forestry & Fishing

TCPU = Transportation, Communication & Public Utilities

FIRE = Finance, Insurance & Real Estate

NOC means Not Otherwise Classified

* Refer to Industry Division under Methodology in the appendix for an explanation.

**Distribution of Independent Contractor Exemptions
By Fiscal Year**

	FY96	FY97	FY98	FY99	FY00
Active IC Exemptions	11,536	12,971	14,429	20,025	24,637

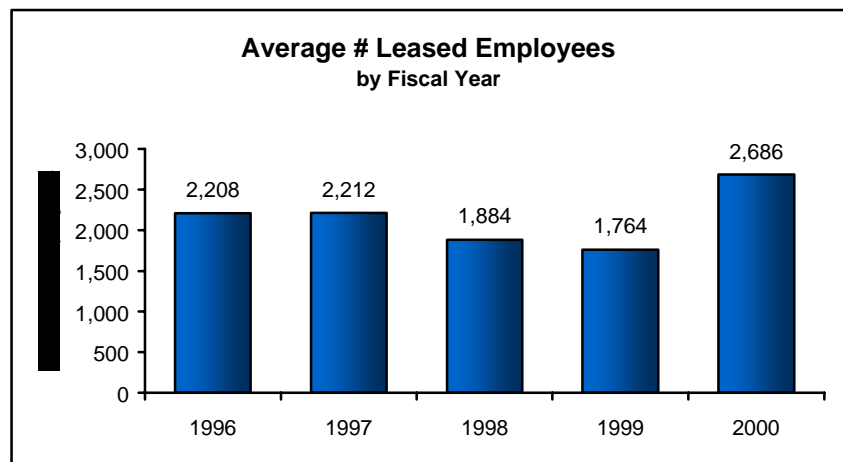
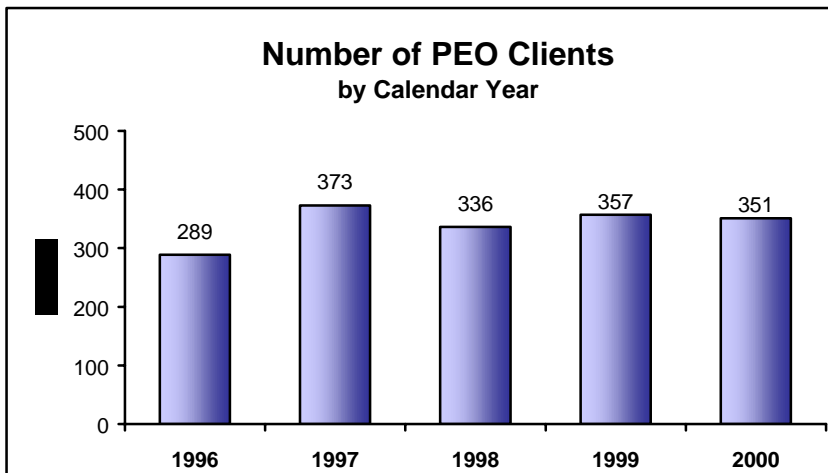
- As of June 30, 2000, there were 24,637 active independent contractor exemptions.
- There were 4,824 new exemptions issued during FY00 and 1,400 renewals issued.
- Construction accounted for approximately 53% of all new exemptions. The service industry had the second largest number of exemptions, 23%.

Professional Employer Organizations

Professional Employer Organizations (PEOs) must be licensed by the Department of Labor and Industry prior to supplying permanent workers to client companies. In general, PEOs contract with client companies to provide permanent workers and other payroll-related services.

Leasing activity in Montana has risen steadily since the implementation of the PEO Act in July 1995. There are currently 15 PEOs licensed in Montana who lease employees to 351 Montana businesses.

For calendar year 2000, an average of 2,686 employees were leased from PEOs in Montana. This is a 21% increase over the average number of employees leased in 1996.



Data Source: Points (Department of Revenue, Unemployment Insurance Division)

